



The Italian Co-operative Movement

by

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THE co-operative movement in Italy underwent, in consequence of the war and of the events immediately following on it, a remarkable extension and development. In 1915 there were, it is estimated, 7,420 co-operative societies in Italy; there are now, according to more recent data collected by the Ministry of Labour at my request, 15,510 such societies, and, as certain kinds of credit and agricultural co-operative societies are not included in this figure, the real total must, I think, be as high as 20,000. The number of societies has therefore almost trebled since the outbreak of the war, while membership, which is now estimated at almost three millions, has doubled. The share capital and the reserves of the co-operative societies have also increased and now amount to more than six hundred million lire. The National Co-operative Credit Institute, which has a capital of two hundred and eighty million lire, and is the strongest co-operative bank in the world, paid out sums in 1920 amounting in all to more than six thousand million lire.

These figures show the size and strength of the Italian co-operative movement, which is still under the influence of the impetus it received from the peculiar state of affairs prevailing during the war, and also from the labour crisis which succeeded the war and the social and political atmosphere accompanying that crisis. War conditions and the labour crisis—factors which are found in other countries also—must both be taken into consideration in any attempt to understand the recent development and the present problems of the Italian co-operative movement.

State intervention in the control and management of economic life was, during the war, a universal phenomenon in all countries. The national economic systems were like "besieged cities"—a simile which has become classic. Free play of competition was impossible. Some thinkers, like Renner, Vandervelde, and Labriola, while admitting that war and industry are, in a sense, antithetical terms, were yet of opinion that the new factors of order and discipline and economic socialisation contained the seeds of something which might prove better than the old state of affairs. Others

thought monopolies, requisitions, controlled prices, and state intervention objectionable, and put up with them merely as exceptional and passing things made necessary by the war. But, as a matter of fact, during such scarcity as prevailed during the war and even after the Armistice, a system of control had inevitably to be substituted for a system of competition. I realised this very clearly when I was present in London at a meeting at which four men divided the grain and coal supply of the world among the Allied Powers for a period of three months.

GENERAL CHARACTER OF THE MOVEMENT

As a consequence of these economic conditions a special impulse and a special direction have been given to the co-operative movement. Before the war co-operation had to face the competition and opposition of the strongest capitalist organisations. During the war it became, particularly in the case of consumers' societies, the ally of the state and the medium of state action, and a real "public department" for the distribution of commodities monopolised by the state or supplied through the state. In fact, war conditions brought enormous opportunities of development to the consumers' co-operative movement, opportunities limited solely by the anxiety of governments not to destroy the ordinary machinery of distribution—merchants and shopkeepers—and not to arouse the hostility of the shopkeeper, whose place could not be altogether taken by co-operative societies. Producers' co-operative societies were hardly afforded the same opportunities for progress out of the urgent and pressing necessities of the war; here recourse was had, not so much to rapidly formed workers' co-operative societies, as to great industrial magnates and middlemen. Such persons were spurred by the hope of vast profits, and the result was the apparent paradox that a policy of socialisation and the "excess profits" of private speculators existed side by side.

Then came the Armistice. The return of millions from the trenches was accompanied, as is common knowledge, by a decrease in each man's individual output. What might be called "work sickness" became common. It was partly due to the fact that in trench and barracks men had lost the habit of working at their trade, but even more markedly to the ferment of new social ideals. Many persons believed that a remedy for the fall in output and the general disinclination to work might be found if the worker were given an interest in production, and were helped to undertake work on his own account, or to share more largely than he had hitherto done in the management of industrial undertakings. In Italy, and in other countries also, cases

occurred of land raids by the peasants ; successive governments, not thinking it advisable to oppose such occupation by force, tried to encourage the formation of agricultural co-operative societies amongst these peasants ; they did not wish to let production sink, but if possible to raise it. Factories, too, were seized by Italian industrial workers. Though the occupation lasted for a few days only, it left behind a legacy of anxiety and confusion, and some of the largest companies—the Fiat, for instance—proposed to their employees that they should take over the management of these enormous concerns in the form of co-operative societies on a lease or on a partnership system, or by gradual purchase. The workers refused to accept these proposals.

On 29 July 1920 the Minister of Labour, speaking in the Chamber of Deputies, expressed himself as follows :

To explain in a few words my idea of the co-operative movement, I will say that it is above all essential to try to secure to those depending on any industrial undertaking an opportunity of acquiring that undertaking itself by uniting for this purpose in a co-operative society. Such a co-operative society must be guaranteed the use and possession of the undertaking to which its members belong, on payment of rent ; the state must encourage the workers to act along these lines.

All this occurred within the first two years after the Armistice. Since then the state of affairs has changed considerably. We are still suffering from economic difficulties, but we are no longer suffering from general scarcity. Though, on the whole, we have not everywhere reached the level of our pre-war output, it is a fact that cases of apparent over-production are found, and that there are stocks of goods unsold. The chief reason is that in many cases the purchasing power of the people has declined. A tide of re-action has therefore set in against the ideals which were accepted during the war ; economic liberty is once more in favour as a doctrine. The need for shedding the last war restrictions is being preached on every side. A general campaign is being carried on against the “ artificial co-operative movement ” and against state intervention, for which, it is maintained in many quarters, private initiative should once more be substituted.

The co-operative movement finds itself once again face to face with the old competitive system in innumerable directions. It has lost the assistance which it received during the war ; the liberal promises made for the time after the war have been left unfulfilled. Again, co-operation is suffering from a process of deflation and from having to adjust itself to new conditions, which is characteristic of the general position in economic life now that the war is over. Co-operative societies are feeling the pressure of a general restriction of credit and of growing financial problems. Co-operation, in fact, like many other branches of industrial and economic activity, is passing through a crisis. This period may be a decisive one. Forces are at work which are threatening and

repressive and other forces which are encouraging and fostering.

It was inevitable that some at least of the mushroom growths of the war should go under. In the words of Bernstein: "It is impossible to create living co-operative societies by a mere word of command, or a mere wave of the hand; they must grow up gradually and must follow the lines of organic evolution". In the co-operative movement, as in all other social institutions, there is no magic wand. Many ephemeral organisations which bear the co-operative label are destined to disappear. On the other hand, there have not been lacking influences and currents within the labour movement which support specific co-operative principles. The heated discussions now going on about the co-operative movement show the great importance attached to it. I do not think there is any country in which co-operation occupies so prominent a position as it does in Italy. The recent Speech from the Throne and the various ministerial programmes all place co-operative problems in the very forefront. The co-operative movement has now definitely taken its place as one of the decisive elements in the life of the nation.

DEFECTS OF ITALIAN CO-OPERATION

The figures cited at the beginning of this article prove the growth of co-operation in Italy, but they also illustrate its chief defects. These are excessive division within the movement, particularist tendencies, and mutual rivalries, and, secondly, an over-great reliance upon state credit and assistance. The 20,000 Italian co-operative societies have about the same total membership as the 1,500 English consumers' co-operative societies with their four million members. The capital and reserves of the Italian co-operative societies amount to 600,000,000 lire, which is far below the £70 millions invested by English co-operators in their consumers' societies and constituting their sole capital—an average of £17 per member. Of the 280,000,000 lire which constitute the capital of the National Co-operative Credit Institute, 260,000,000 are derived from state grants.

In Italy there are many co-operative societies whose very existence depends upon credit, but co-operators do not always make the sacrifices and efforts necessary to establish their societies on a sound basis. Co-operation is not a mystic and miraculous word which in itself will provide workers, consumers, and tenants who unite in co-operative societies with work, supplies, and houses for nothing.

Bitter experience dispels illusions. A spontaneous process has now begun for the elimination of the so-called "begging" societies, (*Pumpencooperativen*), which are, moreover, not peculiar to Italy. The best and most influential

Italian co-operators are carrying on an active propaganda with the object of inducing the working classes to finance their co-operative societies with their own savings. The Director of the National Credit Institute hopes that the Institute will need no more grants and will be able to act as a clearing-house for the whole co-operative movement, classifying and co-ordinating the functions of the various kinds of credit institutions in order to meet the needs of co-operative societies, and further hopes to be able gradually to restore to the state the capital supplied by it to the Institute.

Many Italian co-operative societies are too small and are not "economically independent". A process of fusion would be desirable, such as is taking place in the English consumers' co-operative movement, in which the number of societies decreased during the war by a round hundred, and even in the French consumers' movement, in which, though *more latino* there are still more than 4,000 co-operative societies, about forty fusions take place annually. However, an unlimited fusion and indefinite expansion of small co-operative societies would not be desirable; the law which economists call the law of decreasing returns shows that beyond certain limits, which vary in every economic undertaking, increase in size involves decrease in output.

For some time past there has been a growing tendency in Italy to unite in order to form organisations with joint technical and accounting departments; political activity is growing and gives rise to the formation of rival co-operative societies of identical types in the same locality. Attempts are being made to obviate the disadvantage of dispersion of effort by grouping co-operative societies in provincial and national associations and federations; thus to a certain extent vertical organisation remedies the evils of horizontal disorganisation and rivalry.

CO-OPERATION AND PARTY POLITICS

An old question, which is still an open one in the co-operative movement, is whether co-operative societies should or should not be political in character. Italy has in practice solved that problem, because the vast majority of Italian co-operative societies adhere to, and may be considered as affiliated with, one or other of the various political parties, as follows.

The National League of Co-operative Societies was founded in 1886 by members of the Democratic Party, whose economic views were essentially those of Mazzini. For many years the League itself did not adhere to any party, but developed a policy of its own in agreement with the trade unions and mutual benefit societies; this was known as the Triple Alliance. For the past two years the League has been practically affiliated to the Socialist Party; it has lost its former character

of sole representative of the co-operative movement in negotiating with public departments or consultative bodies. To the League belong the following federations representative of the big sub-divisions of the co-operative movement : the National Union of Workers' Productive Co-operative Societies (Milan); the National Federation of Agricultural Co-operative Societies (Bologna); the Italian Association of Consumers' Co-operative Societies (Milan). The League, according to its own statement, has 4,003 co-operative societies affiliated with it, two-thirds being consumers' societies and one-third workers' productive or agricultural co-operative societies; in addition, there are about 1,000 societies belonging to local federations, but not directly affiliated to the League. "This total", it is stated on behalf of the League, "may appear low, but it is an undoubted fact that the most important and strongest co-operative organisations belong to our movement".

Just two years ago a 'White' League was founded, in opposition to the 'Red' or Socialist league, under the title of "the Italian Co-operative Federation" (1); its principles are those of the Christian Socialist School and it adheres to the Catholic Party (*Partito popolare*). The Federation embraces :

(a) the Italian Federation of Rural Banks (a group outside the Socialist movement), with 57 local federations and 2,116 rural banks;

(b) the National Federation of Consumers' Co-operative Societies, with 68 local federations and 3,200 affiliated co-operative societies;

(c) the National Union of Workers' Productive Co-operative Societies, with 33 local associations and 694 affiliated co-operative societies;

(d) the National Federation of Agricultural Unions, with 64 local federations and 800 local unions;

(e) the Italian Federation of Fishermen's Co-operative Societies, with two local federations and 40 affiliated societies;

(f) a General Secretariat of ex-Service men's co-operative societies, with 525 affiliated societies.

Since the Armistice, many different causes have contributed to the rapid growth of special co-operative societies of ex-Service men and of the disabled. More than one political party has endeavoured to enlist these co-operative societies under its own banner. The majority have combined to form a Federation of ex-Service Men's Co-operative Societies, which has united with the National Co-operative Union (2), another organisation formed about two years ago, thus

(1) *Confederazione cooperativa italiana*.

(2) *Sindacato cooperativo nazionale*.

grouping the 'neutral' sections of the co-operative movement, which are neither Socialist nor Catholic. Democratic and Republican views predominate in the Union. As a body it is still of a very uncertain and unstable character, for it is made up out of organisations, which, like many of the Catholic co-operative societies, are very new and have not yet been mellowed by experience. The Union claims to unite 3,500 co-operative societies, with 72 provincial offices and 100 agencies; at the present moment it is struggling against very great difficulties.

These are the three main branches of the Italian co-operative movement, that is to say, the 'Red', the 'White' and the 'neutral'. It is obvious that this internal division and strife diminish and dissipate the energy of the movement. Co-operative societies are industrial and commercial undertakings whose action cannot be governed by the standards of political parties. Maxwell used to say that the co-operative movement must enter into politics, not politics into the co-operative movement. Nevertheless, there are those who maintain that the political composition of social and labour organisations and the political spirit with which they are inspired "spiritualise the sordid and materialistic circle of pecuniary interests and supply an element of idealism". In co-operative societies political faith and political aims keep alive those ethical influences without which, as Mazzini recognises, the co-operative movement could not exist.

Whatever opinions we may hold in theory, the attitude and political grouping of the Italian co-operative movement are inevitable. What really matters is that the various tendencies should at least collaborate and co-operate to further the general interests of co-operation. Of late they have done so on central co-operative organisations, on official councils and commissions, in the National Credit Institute, and on bodies set up for certain specific objects, such as the Institute for manufacturing articles in general use, and the Institute for co-operation in Southern Italy.

The movement has thus to a certain extent become co-ordinated, and this co-operation within its own limits mitigates the evil effects of that blind hostility and refusal to compromise which is the great enemy of co-operation in practice.

Not all Italian co-operative societies, however, are political. Two important exceptions are to be found among credit and agricultural societies.

The earliest form of co-operation in Italy was in the shape of people's banks. These banks date back to 1860 and are modelled on the Schulze-Delitzsch system of credit banks in Germany. Together with other co-operative banks on similar lines, they now number over 800, and have deposits amounting to about 2,000 million lire. The National Association of Italian People's Banks, founded in 1874, is non-political and neutral, as is also the National Federation of

Italian Rural Banks, which unites over a hundred local rural banks remaining outside the current which has borne their sister societies into the Catholic camp.

Strict co-operators, it is true, recognise this credit branch of the movement only subject to certain restrictions. They point out that most of the people's banks operate like ordinary banks and not for the working classes, but for agricultural and commercial interests, that not only workers and small proprietors, but even large proprietors belong to the rural credit banks. Some, in fact, deny that these bodies are essentially and distinctively co-operative in character. The real crux of the problem is that credit co-operative societies ought to support in the main co-operative credit, and that the deposits and the operations of the people's banks and of other credit co-operative societies should be utilised in order to supply the credit required by other branches of the co-operative movement. This is one of the objects which the National Credit Institute has in view.

In agriculture, too, there are institutions which are co-operative in form, but whose spirit and general aims, in the opinion of orthodox co-operators, do not entitle them to rank as part of the co-operative movement. Such institutions would appear not to be genuine co-operative societies, but associations and organisations of the agricultural classes—including the large landowners—for the protection of their special interests; combines and trusts appear sometimes to find it advantageous to adopt the form of a co-operative society.

A fairly powerful and politically neutral organisation which exists in Italy is the Federation of Agrarian Associations. It was founded in 1892 and at the present time has about a thousand co-operative societies affiliated to it; in 1920 it distributed goods to the value of three million lire, and has succeeded in concentrating the purchase and distribution of fertilisers in Italy almost entirely in its own hands. The Federation, which controls about twenty large super-phosphate works, possesses its own ships and docks, and has created a network of companies for the manufacture of agricultural instruments and machinery, for the supply of selected seeds, and similar purposes. It has no need to fear competition with large foreign firms, though, the agricultural co-operative movement, even including other similar agricultural co-operative societies belonging to the Socialist League or to a Catholic confederation, cannot yet be said to have reached in Italy the same stage of development and experience as in the more mature and older nations of the north.

CHIEF FORMS OF ITALIAN CO-OPERATION

The separate branches of the co-operative movement are not as fully developed in Italy as in other countries.

Agricultural co-operation is inferior to that in Germany and France, credit co-operation is inferior to the same type of co-operation in Germany, and the consumers' movement inferior to the consumers' movement in Great Britain. But the characteristic of Italian co-operation is its variety. It has attained a certain degree of development in every branch, and here it differs from co-operation in other countries, which has developed in more one-sided ways.

Again, Italy is pre-eminent in certain types of co-operation, for instance, in her labour co-operative societies, more particularly in those which undertake public contracts, in her agricultural co-operative societies, which undertake the direct management of estates, and in such interesting forms of consumers' co-operation as the "independent supply organisations" (3). Under present social conditions these types are of great importance, and Italy has the advantage of not being obliged to have recourse to an absolutely new form of organisation and also of being able to benefit by pre-war attempts and by experiments.

Workers' Productive Societies

The English building guilds and the German "socialised building undertakings" (4) are very much discussed at the present time in connection with the Italian labour co-operatives. These experiments correspond fairly closely to the work which has been carried on uninterruptedly and with increasing success for almost forty years by our labour co-operative societies. Without adopting *a priori* the principle of public service or of compulsory organisation, as applied to building societies, Italy has already obtained remarkable results by means of voluntary co-operative societies. In Germany the socialised undertakings of the Wagner type have not advanced beyond the state of mere proposals, and in England, according to a report of the Ministry of Health (5), up to the present time 33,066 houses have been erected by contractors, and 58 by building guilds. In Italy, even before the war, the value of the building operations of co-operative societies amounted to several hundred million lire.

Progress was slow and gradual. The first labour co-operative societies were formed by unskilled labourers on the embankments of the Po. They asked that state contracts which were received indirectly through the agency of the contractor should be given to them directly, in particular those for the levelling of embankments and for irrigation canals. These were only tentative experiments. At that time co-

(3) *Enti autonomi di consumo*: see p. 31.

(4) Cf. A. ELLINGER: *Socialisation Schemes in the German Building Industry in International Labour Review*, Vol. I, No. 3, Mar. 1921, pp. 7-21.

(5) *Ministry of Health*: London, H.-M. Stationery Office. 1921.

operative societies had not even a properly defined legal status; economists such as Boccardo disapproved of such a "leap in the dark" and foretold the failure of the attempt because "the belief that the working classes, such as they are, not only in Italy, but throughout the world, are capable of executing great public works which necessitate continuous and intelligent administration under a single strong head is a mere illusion, a Utopian dream".

In 1889, however, an attempt was made to meet the workers' aspirations half-way by passing legislation "which did not so much embody a programme as provide the Government with the means of examining the question in the light of practical experience". The Act was modelled on the French Acts of 1848 and 1888, the purpose of which had been to enable co-operative societies to contract with the state for constructional work and for supplying goods; but these French Acts remained to a large extent a dead letter. In Italy, on the contrary, the provisions of the original Act were greatly extended by later legislation, and now in practice—in addition to the privilege granted to co-operative societies of exemption from the obligation to give the usual security in advance—any public contract to whatever amount, whether labour be the heaviest item or not, may be given to co-operative societies by private treaty, without their being compelled to compete with undertakings conducted for profit. At the present time there are about 5,000 co-operative societies of labourers or bricklayers or both, or of auxiliary workers, such as joiners, marble workers, painters and decorators, etc., which undertake the construction of roads, bridges, harbours, drains, and public works of the kind, as well as building.

The figures of the Ministry of Public Works for the years before the war show that about 15 per cent. of the contracts of this Department were given out to co-operative societies, nor must it be forgotten that for certain of these years, owing to the great need of public works, the budget of this one Department amounted to one-eighth of the national budget. This average of 15 per cent. rose to 85 and even to 100 per cent. in some provinces and districts of Northern Italy, more especially in Emilia; here for ten years before the war labour co-operative societies had had a monopoly of contracts for public works of all kinds, governmental, provincial, or municipal. A close alliance between the co-operative societies and the trade unions helped greatly, for the trade unions attacked, by means of strikes and boycotts, any private undertakings which attempted to compete for these contracts. In fact, in the districts most subject to seasonal unemployment, the civil Engineering Department drew up each year, in agreement with representatives of the co-operative societies, a programme of public works to be carried out; in some provinces the cost of what was undertaken amounted to ten

millions of lire. The war interrupted all such undertakings, but the unemployment which prevailed after the Armistice forced the authorities to take in hand new extensive schemes; of the fifteen hundred million lire allocated for this purpose in 1919 with a view to smoothing the transition to peace conditions a very large part went to co-operative societies. The statistical data which are being prepared at my request by the Ministry of Public Works will be of great value.

Basing our opinions on the data afforded by official enquiries (including an investigation conducted by myself in 1907), we may say that the results of forty years' experience are, on the whole, favourable to the co-operative system. It is true that the majority of co-operative societies are capable of undertaking only the simpler operations, in which excavation is the chief work to be done; but there are a considerable number of other co-operative societies and of federations of co-operative societies which are capable of undertaking more extensive and difficult work, such as railway construction, building, and hydraulic work. In many cases the federations have good technical departments. On the financial side there are frequent difficulties owing to the delay and red tape in making payments on account shown by the Departments giving out the contracts, but co-operative societies can also obtain credit from private banks.

As a rule, co-operative societies do not offer as large rebates on their estimates as undertakings conducted for profit; they sometimes even demand an increase on the contract price. But, on the whole, the percentage of court cases brought by co-operative societies is below the average, as they have less difficulty in coming to terms with government Departments and local authorities. The prophecy of a celebrated Solicitor to the Treasury, Mantellino, that "these contracts would produce lawsuits, not buildings", has proved false.

Work done by co-operative societies does not in the long run cost more than that done by private firms; this, at least, is the statement made by the Minister of Public Works and the Budget Committee on several occasions, though it is true that opinions vary. Owing to the special market conditions of the last few years, which have made prices unstable and any reliable estimates impossible, it has become even more markedly advantageous to the public authorities to call in the assistance of co-operative societies in order to supplement and complete the efforts of the government in preference to concluding almost impossible contracts with the big private firms. A new system is also advocated whereby, instead of replacing contracts with co-operative societies by others of the same form with private firms, as sometimes now happens, the government would be responsible for materials and management, while the co-operative societies would undertake

to supply the labour. This would be intermediate between nationalisation and co-operation. It would give the co-operative movement even more of the character of a public service. It is, however, argued that co-operative societies would lose in dignity and importance, and would fall to the level of bodies working on the collective agreement system of the simple labour co-operative societies proposed by Guyot and Richard in France.

Under the influence of the guild movement in England—and of similar economic conditions—the bricklayers' trade-unions in Italy now propose to transform themselves into production organisations, and to accept direct contracts. This movement may have valuable and interesting results; in the long run it leads to the constitution of organisations of the co-operative type.

Everything tends to show that there will be no break with established traditions in Italy. In the new tasks which await fulfilment at this historic moment in the life of the nation, such as the reconstruction of the liberated territories and the economic development of Southern Italy, the labour co-operative movement will take advantage of this tradition. The Minister for the Liberated Territories recently stated that if the work of reconstruction, which at first gave rise to loud complaints, is now proceeding rapidly and without further protests, this is due chiefly to the collaboration and enthusiastic assistance of the co-operative societies. There are now a very large number of these. The Co-operative Association of Venice, which was organised in 1919 in the form of an incorporated charitable society of the second grade, now comprises several hundred affiliated societies, and in the districts left ruined and desolate by the war the activities of other labour co-operative societies have more than quadrupled in comparison with what they were before the war. Through these co-operative societies the inhabitants of the devastated areas are manfully working for the restoration of their native soil.

In Southern Italy co-operation is attempting other tasks. Here the need for public works is very great, particularly for hydraulic works, such as the construction of dams and irrigation canals for generating hydro-electric power and for providing against drought caused by irregular rainfall. The southern problem is centuries old and the execution of public works has there met with continual obstacles and difficulties. Co-operative societies of all political views have united to form the Co-operative Institute for Public Works in Southern Italy, and this Institute is setting to work with energy. It will be no small triumph for the co-operative movement to demonstrate, here as elsewhere, to what extent it concerns itself with the vital problems on which national prosperity depends.

Co-operative societies for manufacture and industry have not proved any more successful in Italy than in other countries, in spite of the fact that in many places co-operators at first devoted most attention to manufacture. Practically the only large industrial undertakings belonging to the co-operative movement are those carried on by the English distributive co-operative societies. These are not really producers' co-operative societies, but undertakings managed by distributive societies; the controversies as to the methods—more or less co-operative in character—which should be adopted in the management of these undertakings are well-known.

In Italy co-operative societies for production do not, as a rule, attempt anything more ambitious than artisans' work or small manufacture. They rarely attain to the dimensions of large industrial undertakings, and still more rarely do they develop into enormous establishments like those found in private industry, employing thousands of workers. The large factory is foreign to the co-operative movement.

In an artistic country like Italy it is interesting to note the existence of co-operative societies in the sphere of decorative art. There are also some well-established co-operative printing societies, such as the Milan society with two hundred members. The joiners' society of Lissone in Brianza has a thousand members.

The Federation of Metal Workers' Co-operative Societies ⁽⁶⁾, which was formed during the war, has its headquarters at Genoa, and has about twenty establishments at Genoa, S. Pierdarena, Conegliano Ligure, S. Quirico, Savona, Spezia, Brescia, Modena, Reggio Emilia, Foligno, Terni, Rome, and elsewhere. At first the Federation was engaged in the manufacture of munitions; since the termination of the war it has manufactured railway and shipbuilding material. It is at present negotiating with the government to obtain the cession of the arsenals at Naples and Venice, and various munition factories at Lagaccio, Genoa, Gardoné, in Val Trompia and at Terni, which are at the present time under direct state management and proving very costly. The Federation proposes to adapt these factories for the manufacture of railway and shipbuilding material and agricultural machinery, and hopes to run them more cheaply and productively than the state, at the same time providing employment for the workers now threatened with unemployment. The Federation will need state aid and credit, but states that it is prepared to demand still greater sacrifices from its members, even to the extent of compulsory deductions from wages in order to form a guarantee fund for the liabilities

(6) *Consorzio delle cooperative operaie metallurgiche.*

assumed (7). I do not know whether the negotiations concerning the arsenals and munition factories will lead to anything.

An arrangement was proposed whereby the War Department was to cede to a federation of co-operative societies, specially formed for the purpose, the large Casaralta works. These comprise 100,000 square metres of cold storage, bakeries, meat preserving factories, etc., built during the war, which ought now to be utilised for the benefit of Italian consumers; the agreement, however, fell through. A co-operative organisation has been set up by the state itself for the allotment and distribution to co-operative societies of surplus war stocks; but in practice the co-operative societies have received very little.

Two experiments, which are still in their initial stages, are attracting a considerable degree of attention. The Italian Miners' Association (8) aims at acquiring not only the lignite mines opened and worked by the state during the war, but also the management of private mines and mining plant, so as gradually to become sole owners. Negotiations are also proceeding concerning the large iron mines in the island of Elba, which were previously exploited by the Italian iron and steel companies. The Garibaldi Co-operative Society was founded by seamen, who are organised in fairly strong unions. They have undertaken to use the recent increases in wages for the development of the Society, of which all Italian crews are members. The Society acquired from the government, on fairly favourable terms, some enemy vessels captured during the war, but the Chamber of Deputies did not sanction the transaction, which is therefore still pending.

Certain questions at present under discussion are still in the realm of theory. For example, the workers would like to take over the management of certain local systems of railways and tramways. The line from Reggio Emilia to Ciano d'Enza, 25 kilometres in length, has been owned and managed entirely by co-operative societies for the last fifteen years, but the wider proposals of today are still mere schemes. In industrial production, though bold experiments have been made, the record of the co-operative movement hitherto is one of plans and failures rather than of progressive and effective achievement.

(7) After the metal workers' strike in 1920, the proprietors of certain large manufacturing firms, such as the Fiat and Ansaldo companies and the Italian Ironmasters, approached their workers, proposing that they should take over the management of the factories on co-operative lines, but the co-operative societies were not prepared to do this. Now that the crisis is over, the feeling in industrial and financial circles has changed. A press campaign is being organised against such co-operative experiments on the ground that they involve a risk of too great expense to the state. It is maintained that, in a period of industrial crisis like the present, it may be dangerous to attempt to alter the structure and working of the existing system.

(8) *Consorzio minerario*.

Workers' Societies for Direct Farming

In addition to the labour co-operatives for public works, a characteristic feature of Italian co-operation is the existence of societies for the co-operative farming of agricultural estates, also known as the "Collective Lease System" (9). The earliest attempts in this direction were made in Lombardy in 1889. Even before the war it was estimated that there were about one hundred agricultural workers' societies farming over 30,000 hectares of land, almost all on lease.

Various types of organisation were adopted according to local conditions of agriculture and population. In Sicily the prevailing type was "divided management" (10); the co-operative society rented the estate, and, eliminating the middleman (11), who used to exploit the workers, divided the land, and sublet it to the different families, reserving certain limited rights of control and co-ordination. In Emilia, on the contrary, the usual system was one of "joint management" (12) or of the co-operative management of estates by a technical-administrative board, working on industrial lines. The members who worked on the estate received a wage from the co-operative society, which employed them in larger numbers when seasonal labour was needed. Other types were intermediate between these two.

The results of the collective lease system are variously interpreted. It is, however, an undoubted fact that it tends to reduce unemployment, and to increase the "volume of work". It certainly also increases production; and such co-operative undertakings continue to add to their capital and effect improvements. The collective lease system tends, as a rule, to raise the standard of farming. On the other hand, it is an open question whether the co-operative societies are a financial success, at least immediately, and whether they pay, in addition to good wages, a sufficient return on capital. While the profits of co-operative societies are usually very low, expenses of management are rather high. The best co-operators strongly urge the curtailment of these expenses and declare that "co-operation must show that it can produce more cheaply than private ownership, and its case will then be won".

In recent years agricultural co-operative societies have developed still further; information to hand gives their number as more than 300, farming over 150,000 hectares of land; the complete figures must be even higher. It is perhaps no longer quite correct to speak of collective leases, since

(9) *Affittanza collettiva.*

(10) *Condizione divisa.*

(11) *Gabellotto.*

(12) *Condizione unita.*

the co-operative societies now hope to, and actually do, own land on a very large scale.

During the war a promise was given of "land for the peasants"—a general formula capable of various interpretations, which later raised many problems. In the period of upheaval and unrest which followed the Armistice, in Italy as in other countries there were cases of land raids by the peasants in processions of Socialists, ex-Service men, or Catholics, behind the Red flag, the Italian flag, or images of saints. Feeling that they could not oppose this movement by force, the authorities decided to give it a sort of official recognition in the case of lands capable of improvement and to encourage the formation of peasant co-operative societies, in the hope of guiding it into more controllable channels, and so avoiding loss of production. This resulted in the occupation of estates in different parts of the country. The lands so occupied may be grouped in three classes.

The first comprises the remains of the old collective property of the Middle Ages, public demesnes and private lands, on which the population have common rights. These are hybrid forms of tenure which survived the overthrow of the feudal system. These estates are large; the common lands in the old kingdom of Naples, for example, covered 200,000 hectares, and the public lands in the old Papal States about the same. The private lands in the old Papal States, on which the community still has sowing, pasture, and firewood rights, etc., are even larger. An attempt has been made to abolish these obsolete forms of tenure. Instead, however, of promoting division of the land among the individual users, as was done up to 1897, various laws have been enacted to encourage collective cultivation, and to change the Land Unions ⁽¹³⁾—groups of cultivators which exist in many parts of Latium—into what the legislator calls a higher type of agricultural co-operation. Taking advantage of recent Decrees, the Land Unions, without wasting more time in interminable disputes and litigation with the great landowners and without recourse to violence, which is so often fruitless, have endeavoured to buy their land. Under the Decrees advances up to the total value of the land are made; the state guarantees the loan, and pays up to 2 per cent. of the amortisation charges and interest until the loan is redeemed.

The second class consists of land owned by the state, the Provinces, the Communes, or by charitable institutions as corporate property. Here, too, hundreds of thousands of hectares are involved; the land is well cultivated, and has in the past been leased by these bodies to private individuals. A Decree, however, has recently been issued to encourage concession of this land on lease to co-operative societies of agricultural workers by private treaty, thus avoiding the

(13) *Università agrarie.*

speculation of the open market. This is in a sense an extension and application in another sphere of the principles which produced such excellent results in the case of the labour co-operative societies for public works.

The third class covers estates belonging to private individuals. Since the war voluntary transfer by sale of estates to actual farmers has become frequent. Owing to the great demand, and the attachment of the workers to the land, prices rose very much. In order to encourage such transfers the Catholic co-operative societies purchase the land themselves with a view to dividing it up and reselling to their individual members. This may be compared with the work of the Raiffeisen co-operative societies in Germany, which endeavour to prevent speculation by land jobbers. The characteristic feature of the Italian system, however, is that the co-operative society has the sole management of the estate. The compulsory transfer of landed property was effected almost entirely on this system. Various Decrees were issued appointing special committees to authorise provisionally the occupation of land by the peasants, and subsequently to ratify the final transfer, provided that the land was capable of improvement and the peasants in a position to guarantee satisfactory management. The total area of land assigned by the authorities to agricultural societies in consequence of occupation by the peasants is, I think, about 50,000 hectares.

Approximately another 50,000 hectares have been assigned to the National Soldiers' Aid Society ⁽¹⁴⁾, an organisation created since the war, with a capital of 300,000,000 lire, to assist ex-Service men in various ways, among others by land settlement. The Society is legally authorised to demand the assignment to itself, on payment of ground rent, of any property of public bodies and charitable institutions. The Crown has made large grants of land to the Society; most of its land, however, consists of private estates acquired by free sale or expropriated "when considerable improvements in cultivation appear possible". The chief task of the Society is to carry out improvements (roads, irrigation and drainage, rural housing, etc.) which will increase the value of the estate and then to hand it over—as stated in its rules—preferably to agricultural co-operative societies consisting mainly of ex-Service men.

A Bill introduced in the Chamber by the Nitti Cabinet, and supported by its successors, proposed the abolition of the large estates ⁽¹⁵⁾, which, particularly in Southern Italy, are a form of "extensive" farming resulting from the peculiar agrarian and social conditions of the district. The

(14) *Opera nazionale dei Combattenti.*

(15) *Latifondi.*

Bill provides for the expropriation of these large estates, subject always to payment of compensation, in order that they may be handed over to co-operative societies and agrarian associations, or even to small farmers and large capitalist companies, which, having made general improvements, will then divide up the estates and transfer them to the actual cultivators. This is only an isolated solution, but it is one suited to the varied needs of Italy, with its peculiar length and narrowness and its wide variations in climatic conditions, stages of development, and methods of cultivation. Many people think that the great industrialised co-operative estates, the small working proprietors, and even land speculators who have in view the introduction of industrial methods in agriculture, may all, according to circumstances, contribute to the improvement of the *latifondi*, whose methods of cultivation are still very backward. Amongst all these systems that of co-operation is becoming steadily stronger and more extensive. Even before the war it had traditions and experience, and it is now proving itself a decisive factor in the vital problems with which the country is faced.

Consumers' Co-operation

In Italy, as in other European countries, consumers' co-operation was the last branch of the movement to develop and did not at first arouse very great enthusiasm or high hopes. It has now, however, come to the fore, and equals in strength all the other branches of co-operation. Theoretical problems of consumption and of consumers' policy have also acquired great importance. Many reformers look to the development and expansion of consumers' co-operation for the reconstruction of society. In Italy, about 1910, an experiment was made in the Province of Reggio Emilia—a premature experiment which was a financial failure—with the establishment of a complete co-operative society, which attempted to reproduce and realise in one Province the co-operative state of the Webbs and Poisson's co-operative republic, which was based essentially on the consumer.

The war resulted in an enormous expansion of consumers' co-operation in Italy. In fact, there are nearly as many consumers' co-operative societies as there are communes, but their distribution is not uniform, and there are often several rival societies in the same district. There are some huge societies which will bear comparison with their prototypes in other countries. There are ten co-operative societies in large centres of population, each of which has sales amounting to more than ten million lire per annum. The foremost of these are the Military Society ⁽¹⁶⁾ and the Milan Co-operative

(16) *Unione militare.*

Society (17) in each of which annual sales amount to more than one hundred million lire; these societies have a complex organisation of retail shops, factories, and other branches, including savings banks.

There is, however, one serious defect in the consumers' co-operative movement in Italy. It has no wholesale society such as those founded in all other European countries on the model of the English wholesale societies, which date from 1864. The Socialist and Catholic co-operative movements, however, have each established a *consortium* or federation, which performs the function of a wholesale society; but since the Armistice both have been compelled to confine their transactions to a few commodities, principally fats and dairy produce. This defect will have to be overcome; it illustrates the drawbacks of minute subdivision and specialisation already shown to be characteristic of the Italian co-operative movement.

During the war many — in fact too many — small consumers' societies were formed, sometimes without legal status, by clerks employed in the same office, tenants living in the same district, or manual workers employed in the same factory, for the distribution of the commodities supplied by the state. These societies thus acted in many cases as ration distributors amongst their members. An enquiry into the affairs of these mushroom societies with a view to their reform is at present in progress on behalf of the Commissariat for Supplies, which is itself in process of liquidation.

Another phenomenon of the war was the growth of "independent supply organisations" (18), which were often very influential. These are not true co-operative societies, but joint organisations authorised by law and instituted by the communes in collaboration with other public institutions and the local co-operative societies. They are, nevertheless, essentially co-operative in spirit and character. During the war there were 250 such organisations, and the food distribution policy of the country was carried out in a great measure with their assistance. The Milan supply organisation had a turnover of 104,000,000 lire in nine months; the Florence organisation of 140,000,000 lire in two months; in 1918 the turnover of the various organisations amounted in all to more than a thousand million lire. These organisations were intended to disappear on the conclusion of peace, but they have almost all continued to exist. One of the problems of Italian co-operation today is precisely how to incorporate and utilise them, with the necessary changes in structure and function. As a result of the disappearance of war conditions, they no longer receive state aid in supplies and credit, and are

(17) *Unione cooperativa Milanese.*

(18) *Enti autonomi di consumo.*

compelled to face the difficulties of competition on the open market and to have recourse to ordinary sources of credit.

During the period of the decontrol of industry the co-operative societies endeavoured to obtain plant and surplus government stocks. The federation formed to take over the Casaralta works, to which reference has been made above, failed to attain its object. The Department for the manufacture of articles in general consumption (during the war the state manufactured clothes, boots, and shoes for the civil population, and had taken over at cost price part of the output of the private factories) was converted into a National Co-operative Institute for manufactured articles in general use, which was intended to act as a collective purchasing firm in the open market for consumers' co-operative societies. A National Co-operative Import Association was also formed during the decontrol period by the principal independent supply organisations and co-operative societies in order to import fats and dairy produce. The Institute has, in fact, taken charge of the disposal of the stocks which remained in the possession of the state at the time of the Armistice.

The Co-operative Institute for Foreign Trade was formed by Socialist and Catholic co-operative societies in collaboration, in order indirectly to promote trade with Soviet Russia. The Institute raised great hopes, and seemed to mark the first step towards a foreign policy for the co-operative movement, but it has since been dissolved.

Great inspirations and flashes of genius often adorn the history of co-operation, but too often fail to build up solid achievement; the progress of co-operation is slow and laborious. Even failures, however, plant seeds of future growth. After each failure the movement seems driven back to its starting point, but in reality the upward path is a winding one, and after every apparent failure a higher point is reached.

CONCLUSION

Such, then, is co-operation in Italy. Within its varied and manifold organisation every form and branch of co-operation is represented. In a young nation like Italy, which has been united for little more than fifty years—and unity and co-operation grew up together—about twenty thousand co-operative societies, with a membership of nearly three million, represent no small effort of organisation. They constitute, in fact, one of the strongest economic and social forces in the country.

Italian co-operation knows nothing of miracles and dreams, and clings to methods of slow experiment. Its conquests, if slow, are the more sure. In spite of divisions into parties and groups, the whole movement is conscious of the forces of reform and reconstruction by which it is inspired. It is

almost symbolic of the time and of its new destinies that after the Armistice the co-operative movement directed its efforts to the reform of the statutory regulations regarding co-operative societies. In the Commercial Code of 1882, which is still in force, co-operation, in the form of a co-operative institute, is regarded as a special type of commercial enterprise. Many laws have subsequently been enacted concerning particular branches of co-operation.

A Government Commission was appointed, of which I was chairman, including such prominent co-operators as Mr. Cabrini and the General Secretaries of the Catholic and Socialist Co-operative Federations, and party leaders such as Messrs. Turati and Baldini, Micheli and Tovini, to examine a Bill which was to be the first step towards a "co-operative code", and which was, with some amendments, introduced in the Chamber by Mr. Labriola. The part which relates to the increase in the capital of the National Co-operative Credit Institute was detached from the rest owing to its urgency and has already been passed. The rest of the Bill is still before Parliament and will furnish an opportunity for a thorough discussion of all co-operative problems. Without attempting actually to define co-operation, the Bill seeks to determine its essential characteristics and to strike a blow at pseudo-co-operative societies which, with other aims, assume this title. The name and form of a co-operative society is to be reserved exclusively for actual co-operative societies confined to a particular class, i. e. consisting solely of workers (including intellectual and technical workers) in the case of production and labour co-operative societies, or of consumers (excluding those whose only aim is profit-making) in the case of consumers' societies. Socialists and Catholics still discuss whether co-operative credit societies should be included in the scope of the Bill or should remain subject to the regulations for other credit organisations.

The Bill fixes the maximum holding of each member; it limits dividends, determines the indivisibility of reserve funds and the uses to which they may be put, and mentions certain other specific characteristics of co-operative societies. It provides that only those societies may be considered co-operative which have special committees elected by the members on the system of proportional representation and possessed of the characteristics and the *spirit* of co-operation. It further authorises their registration. The Bill is not complete: it is but the light which precedes the dawn, the precursor of the first co-operative code, with which Italy hopes to lead the way for the rest of the world.
